

Statement of Daniel Bullock

Thank you for the privilege of speaking to you about tax scams. Speaking as both a convicted tax cheater and a loyal American citizen, this is my perspective.

I hadn't planned on cheating and had rationalized my behavior as "legal" until I decided to plead guilty last year. It was quite a shock to apply that phrase "tax cheater" to myself as I prayerfully reviewed my actions. I was a spiritual man - a leader in my church and community. I was a successful husband, father and Board-Certified Orthopedic surgeon. I had served my country in the U.S. Public Health Service and as Senior Team physician for the United States Cycling Team. I had traveled to Honduras and Nicaragua to provide medical relief and to build churches. Nonetheless, the enemy of all that is good had crept into my heart and slipped a tentacle around my soul. This happened largely unrecognized and by the time I saw what I was really involved in, it was too late to avoid considerable pain for my patients, colleagues, employees, friends and family.

Praise Jesus' name I was able to acknowledge my mistake and am proceeding to pay for it as best I can. I know he has forgiven and grown me through this experience. I am content.

My story is not that unusual. Angry at the Internal Revenue Service for the way an agent that treated me, I had a rebellious attitude. When I encountered someone with "inside information" on how the very wealthy avoid taxes. I was all ears. He had a good story, a well used and "successful" strategy, hundreds of clients and legal opinions in support of his program.

This strategy involved complicated trust arrangements and tax haven countries. I rearranged my life and business and it was several years before I finally sought another legal opinion and stopped using his plan. By then it was too late.

All it takes is a simple phone call from an employee to the IRS about your unusual activities and your name can be put at the top of the list for investigation by their criminal investigations. A year goes by and kevlar-vested agents raid your house. Not long after that the U.S.

Attorney takes the case. The U.S. Attorney virtually always prevails.

If you agreed with someone else on one act which the government believes interfered with the IRS and its ability to properly collect taxes on one dollar - it's called "conspiracy to defraud." There are mandatory minimum prison sentences for this activity.

Common rationalizations such as "Everybody does it, " or "The tax laws are too complex," or "But John Doe was doing a lot worse than us and nothing happened to him," carry no weight with either the prosecutor or the judge.

So here I am before you, an inmate of the Satellite Prison Camp at Atwater, California. I've lost my medical license and this Board-Certified Orthopedic surgeon is restricted to janitorial work for the next 17 months. Yes, it's a heavy price.

Some of you might be tempted to conclude that I am really stupid man and at times I would have agreed with you. But, tax scams are very deceptive and I believe there to be many more all -too- naive people out there.

Who is the tax cheater? They come in all shapes and sizes and in numbers now “out of control” according to the Internal Revenue Service as quoted in the New York Times recently. For example, USA Today cited U.S. government claims that nearly 2 million Americans may be using VISA cards from bank accounts based in tax haven countries to spend unreported income.

“Bending the rules” has become standard practice for many. People pay thousands of dollars to attend seminars and learn how to structure their business and family affairs to take advantage of the tax laws.

Privacy, asset protection, “tax avoidance” are all buzzwords used by “experts” touting their strategies. Attorneys, accountants and others explain systems to outwit and outflank the tax man. It is virtually impossible for “everyman” who attends to tell legal avoidance from illegal evasion.

With “everyman” a potential client of the tax scam promoter I don’t believe fear of the IRS to be an adequate motivator. “Everyman”

is already afraid of the IRS. After 50 years of obeying the tax laws from fear, “everyman” rebels in the easiest manner available to him, - he bends the rules a little. When he gets away with it, he bends them more.

The problem with fear is that obedience produced from fear produces the character of a rebel. Increased tax cheating and tax scam promoters are indicators of this spirit of rebellion. I know it was that spirit that allowed me to rationalized my behavior.

There is enough fear in the world today. I encourage you to help our country and “everyman.” I’ve spent many hours pondering what would have saved me:

1) Ask the Internal Revenue Service to identify and describe the principles and characteristics of the most problematic tax scams and tax cheats present in our country today.

2) Insist on a program educating Americans about these scams/cheats by explaining them in laymen’s terms - so “everyman” can understand.

3) Take advantage of the internet to provide audio-visual

presentations which explain these problems in a media-enhanced way for those who learn best in that manner.

4) One of the biggest problems for those who find themselves victims of a “scam promoter” is discovering, and praying for a way out. Consider a tax amnesty program to help citizens return to their full status as taxpayers.

5) The Offer Compromise program is failing. Act now to save the crucial avenue of recovery needed now by tens of thousands of Americans.

It’s too late for me to learn other than the hard way. It is not too late for our materialistic society. As Paul wrote to Timothy 2,000 years ago: “People who want to get rich fall into temptation and a trap and into many foolish and harmful desires that plunge men into ruin and destruction.” (1 Timothy 5:19).

Please act now to help keep other citizens from ruin and destruction.

Thank you.

Daniel W. Bullock M.D.